

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 L-02 EB-07 COME-00 SWF-01 AGR-05

CIAE-00 INR-05 NSAE-00 RSC-01 AID-05 H-01 TRSE-00

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R 182010Z DEC 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 5144

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E.O. 11652: N/A

TAGS: BDIS, ETRD, BL

SUBJECT: INFESTED FLOUR DISPUTE

REF: (A) STATE 274041 (B) LA PAZ 7512 (C) COTTER-WHITING LETTER
12/10/74

1. CONTRARY TO REFTEL A, IT APPEARS THAT MINISTRY OF IND/COM
TOOK INITIAL STEPS DEC. 12 TO EMPLOY U.S. ATTORNEYS. CABLE
SENT O LORIA INSTRUCTING HIM TO RECOMMEND THREE SEPARATE
NAMES OF LAWYERS WHO WOULD STUDY CASE. MINISTER IND/COM
QUOTED IN PRESS DEC. 15 AS SAYING "GROUP OF U.S. ATTORNEYS
WILL DEFEND BOLIVIAN INTERESTS" ON FLOUR PROBLEM. EMBOFF
ONCE MORE URGED MINISTRY IND/COM OFFICIALS DEC. 17
TO MOVE TO HIRE, FULLY INFORM AND GIVE NECESSARY POWERS
TO ATTORNEY AS SOON AS POSSIBLE.

2. MINISTRY SHOWED EMBOFF CABLE OF DEC. 12 FROM LORIA
REPORTING THAT ADM MILLING HAD REPOSSESSED FLOUR AND
THREATENING ACTIONS THROUGH COURTS AND DEPARTMENT FOR DAMAGES
FOR ALLEGED UNLAWFUL REFUSAL RELEASE LETTER OF CREDIT.

3. FRUSTRATING SLOWNESS OF GOB ACTION DUE IN PART TO NORMAL
RELUCTANCE OF OFFICIALS TO MAKE HARD DECISIONS. ANOTHER
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IMPORTANT FACTOR, HOWEVER, SEEMS TO BE CONFIDENCE THAT GOB

HAS STRONG CASE SINCE IT CONVINCED THAT IT NEVER TOOK POSSESSION OF FLOUR. ARGUMENT IS THAT FLOUR WAS CONTAMINATED UPON DELIVERY TO SHIP. GOB STATES IT KNOWS THAT "MOBILE AUTHORITIES" AND STEVENSON LINES NOTED CONTAMINATION BEFORE CARGO BOARDED. OFFICIALS PLACE HIGH STOCK IN BELIEF THAT "CLEANLINESS CERTIFICATE" WAS NOT, IN FACT, ISSUED FOR FLOUR ALTHOUGH REQUIRED BY U.S. LAW AND CONDITION OF LETTER OF CREDIT. OFFICIALS THEREFORE CONCLUDE THAT GOB JUSTIFIED IN NOT LEGALIZING LETTER OF CREDIT. EMBASSY NOTES THAT MATERIAL SENT TO DEPARTMENT BY ADM'S ATTORNEY DOES NOT STATE THAT CLEANLINESS CERTIFICATE ISSUED AT TIME FLOUR DELIVERED AT PORT. MATERIAL DOES SUGGEST THAT INFESTATION HAS REOCCURRED SINCE THAT TIME. ADM'S ATTORNEY SEEMS TO PLACE BLAME FOR INFESTATION ON SHIPPERS ST. JOHN'S INTERNATIONAL AND STEVENSON LINES. CASE IS OBVIOUSLY COMPLEX WITH DIFFERENT VIEWS RE FACTS AND LAW. NEVERTHELESS, ONCE GOB HAS LAWYER, APPEARS HE WILL HAVE CASE TO ARGUE.

4. OFFICIALS SHOWED EMBOFF ARTICLE FROM COCHABAMBA PRESS CRITICIZING ATTEMPT BY INSURANCE CLAIMS AGENT TO SELL FLOUR PREVIOUSLY DISCHARGED IN ARICA. ARTICLE STRESSES THAT IF FLOUR CONTAMINATED, IT SHOULD NOT BE SOLD FOR HUMAN CONSUMPTION. EMBASSY HAS ALSO HEARD OPINION FROM LOCAL MILLER THAT INFESTATION PRESENTS SERIOUS PROBLEM BECAUSE SIFTING OF LARGE QUANTITY OF FLOUR WILL TIE UP LOCAL MILLS FOR MONTHS, ESPECIALLY SINCE IT MUST BE MIXED WITH GOOD FLOUR TO REDUCE ACIDITY. USDA ANALYSIS ENCLOSED WITH ADM MATERIAL SEEMS TO CONFIRM SERIOUSNESS OF INFESTATION.

5. COMMENT: EMBASSY HOPES THAT EFFORTS TO ENCOURAGE GOB TO HIRE LAWYER WILL NOT PROSPER. IT UNDERSTATEMENT TO STATE GOB WAS ENTERING U.S. COMMERCIAL MARKET FOR FIRST TIME AFTER YEARS OF DEPENDING ON PL-480 TITLE I AND ARGENTINA FOR WHEAT/FLOUR NEEDS. EMBASSY HAS URGED MINISTRY IND/COM IN FUTURE TO EITHER RELY ON PRIVATE PURCHASES ENTIRELY TO SUPPLY NEEDS OR TO HIRE COMMERCIAL DEALER TO HANDLE GOVERNMENT PURCHASES. WE CONTINUE TO BELIEVE AT PRESENT TIME WE HAVE ROLE TO ENCOURAGE GOB ALONG WISEST LIMITED OFFICIAL USE

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COURSE.
STEDMAN

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Message Attributes

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Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
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